



# Florida's Experiment with Privatizing Child Welfare Services

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This report was prepared by Kathryn Albowicz, MBA. Ms. Albowicz worked for twenty years as a state policy and budget analyst in New York.

## Executive Summary

The Florida State Department of Children and Families (DCF) spent \$27.5 million on five pilot programs set up to privatize child welfare services from 1997-2000. Even though four of the five pilots failed, Florida is forging ahead with a statewide plan to privatize foster care and all related services into Community-Based Care (CBC) programs.

Of the five pilots, two were not successful and had their contracts terminated. One pilot dropped out of the experiment. The for-profit virtually disappeared from public records and there is no further information on whether there were costs associated with it. Sarasota County is the only original pilot still in operation.

Sarasota County's success is unique. Experienced and active community stakeholders and agencies were involved in the project from the beginning. Sarasota is one of the wealthiest counties in Florida, with residents who contribute substantial amounts of time and money to their community. This program spent 70 percent more on personnel than DCF in order to reduce caseloads. In addition, the county has fewer children. As a result, comparisons to other programs are not accurate.

Despite the fact that four out of the five original pilot projects were failing, the Florida Legislature mandated in 1998 that foster care and all related services be privatized throughout the state between January 2000 and December 2002. This legislation required that DCF contract with a single community-based provider in each area – a lead agency that administers services. The state transfers all resources associated with child welfare to the agency and, in return, the agency assumes responsibility for serving all children within the area who need care. The lead agency is responsible for caseload and cost increases. Sarasota transitioned into a lead agency.

Government reports -- *Progress Report: Child Protection Program Makes Needed Changes but Lacks Data for Evaluating Results of Initiatives* and *Special Report: DCF's Lead Agency Readiness Assessment Process Meets Statutory Requirements but Needs Strengthening* -- show that even the state's own researchers couldn't find evidence showing that privatization is better for the children of the state of Florida than a publicly-run child welfare system.

Florida recently released another *Progress Report* on programs for children and families, including child welfare services. Some of the major accomplishments, including increasing the percentage of investigations completed within 60 days and reductions in investigation backlogs, were tasks performed by public employees. The report highlights a reduction in child welfare caseloads, but a Florida statute mandates caseload size.

There is no evidence proving that privatization is better for Florida's children than the public child welfare system it is replacing. The state's own Office of Program Policy Analysis and Government Accountability's reports acknowledged early on that several states, including Illinois and Kansas, suffered problems after privatizing child welfare services.

The problems in Florida's experiment continue to escalate. A former lead agency administrator for Volusia and Flagler counties recently filed a whistleblower lawsuit against the lead agency, alleging in her wrongful discharge lawsuit that children were put in dangerous situations and counselors did not get adequate training. In February 2004, the DCF put the Family Continuity Programs in Pinellas and Pasco Counties on a provisional license for overcrowding in foster care and lack of supervisory oversight.

After eight years, millions of dollars and numerous studies, there is no evidence that privatized child welfare has made life any better for Florida's most vulnerable citizens or for taxpayers. The problem of ensuring the health, safety and well being of children in the child welfare system is complex. And there is no evidence that Florida's continuing rush toward privatization will improve its child welfare system.

## **Introduction**

Child welfare systems across the nation are in crisis, with brutal workloads and inadequate resources to take care of the needs of abused and neglected children. Problems in Florida's child welfare system have received national attention. Scandals include the disappearance of 5-year-old Rilya Wilson of Miami, the death of a 4-year-old found buried in North Fort Myers and the beating death of a 2-year-old boy in Central Florida. Last summer, the Florida Department of Children and Families (DCF) had a backlog of more than 30,000 abuse and neglect investigations and, not surprisingly, high employee turnover.

Florida began an experiment with the privatization of child welfare services in 1996 with the passage of legislation mandating five pilot projects. Even though only one of these projects could be called successful, the state is forging ahead with statewide privatization, called Community Based Care (CBC). This is proceeding despite audits, evaluations and recommendations that urged caution, and despite the fact that other states have experienced significant problems with similar experiences. Florida made little effort to compare the privatized system to the publicly operated one. Evaluations, required by the legislation, lacked meaningful year-to-year or location-to-location comparisons.

As of January 2004, approximately 42 percent of the children in Florida's child welfare system received services through privatized agencies. As of February 2004, the Suncoast Region; Districts 1, 2A, 9,10,14, and 15; and Duval County had service contracts with providers to operate CBC. St. Johns, Nassau, Seminole, Brevard, Clay/Baker and Orange/Osceola counties, and Districts 2B, 3, 11 and 13 have start-up contracts to transition to CBC.

## **Florida's Child Welfare System**

DCF is responsible for all child welfare services, including child protection, foster care, kinship foster care, independent living support, shelter care placement, adoption and family preservation. Services are delivered and data are collected by a combination of counties, regions and districts.

Most social services are provided by districts. Florida currently has 13 districts comprised of one to eight counties and one region, the Suncoast Region. The number of districts, and the counties included, has changed over the years. Most state oversight and administration is conducted at the district level and most of Florida's social services data is collected by district.

In 2000, DCF recommended to the Legislature that it restructure itself from 15 districts to seven regions. The Legislature approved one prototype region. DCF has indicated that it will form other regions, but will keep a limited district structure in place, since the districts are established in state statute (Regier, 2003, pp. 20-21).

## **Child Welfare Privatization**

In 1996, the Florida Legislature mandated that DCF establish pilot or model programs to privatize child welfare services in five districts, four specified in the law and one chosen by DCF, during fiscal year 1996-97.

The pilot programs were in Escambia and Santa Rosa counties (District 1); Baker, Clay, Duval, Nassau and St. Johns counties (District 4); Lake and Sumter counties (District 13); and Subdistrict 8A, Sarasota County. DCF chose Palm Beach County as the fifth pilot, which was to be operated by a for-profit corporation. The legislation stated that:

By privatizing these services the support and commitment of communities to the reunification of families and care of children and their families will be strengthened and efficiencies as well as increased accountability will be gained (Florida Statutes 409.1671(1)).

The legislation also called for DCF to establish a comprehensive system to measure the outcomes and effectiveness of the services and to use this information in making future program and funding decisions.

### **Four out of the Five Pilots Failed**

Despite the fanfare and high hopes that greeted these pilot projects, most were a dismal failure. One virtually disappeared, two other contracts were discontinued and another never got off the ground. Only one of the five pilots remains in operation.

#### **Pilot I, District 1: Escambia and Santa Rosa Counties**

This pilot was based on an existing program operated by Children's Home Society (CHS)/Homeward Bound. The CHS/Homeward Bound project served two of the four counties in District 1: Escambia (Pensacola) and Santa Rosa. The project was run by the Children's Home Society in Pensacola.

The project was to serve children from birth to age 18 placed in substitute care for the first time, and children previously in CHS/Homeward Bound's program returning to care due to placement disruption.

The contract ran from July 1997 to November 1999 at a total cost of \$2,335,894. The agency was not able to adapt to the CBC model and was no longer considered a pilot after 1998 because it failed to increase placement resources. (Florida Legislature. Office of Program Policy Analysis and Government Accountability [OPPAGA], 2001, p. 44).

#### **Pilot II, District 4: Baker, Clay, Duval, Nassau and St. Johns Counties**

Four residential agencies formed the Family Services Coalition to deliver services for children ages 12 to 17 in foster care and youth 18 and over in independent living. The Family Services Coalition served all five counties in District 4.

The contract ran from January 1977 to June 2000 at a total cost of \$9,565,060. DCF discontinued this contract in July 2000 because the agency did not meet outcome standards and had high administrative costs. District staff reported that the coalition had limited knowledge of foster care and needed assistance in casework, federal funding streams, judicial timelines and other areas such as protective investigations and supervision (OPPAGA, 2001, p. 44).

#### Pilot III, District 13: Lake and Sumter Counties

The Bridges Program in District 13 was operated by the Lake County Boys Ranch and provided services in Lake and Sumter counties from January 1997 to December 1999 at a cost of \$5,618,579.

The agency had a 30-month contract with DCF funded at a case rate of \$15,264 per child. The Bridges Program had the most extensive managed care component of any of the pilots.

The operation experienced a huge increase in caseloads, which placed a high level of stress on the service delivery system and on the provider's finances. By the third year of the contract, caseload had quadrupled. From September 1998 to November 1998 DCF transferred 300 of its cases to the Bridges Program. The high caseloads eventually overwhelmed the capacity of the program to provide services.

This increased caseload was well beyond projections and, as a result, the \$15,264 case rate per child became unacceptable for the state. DCF amended the contract to reduce the payments. This change placed the program at great financial risk so it requested more money from DCF. DCF was unable to provide additional funding so it did not renew the Bridges contract.

The Bridges Program had other problems. In November 1998, 6-year-old Kayla McKean was killed by her father in Lake County. Kayla had been in the child welfare system and under the care of the Bridges Program prior to her death. In April 2000, the Lake County Boys Ranch, which operated the Bridges Program, was indicted on charges of Medicaid fraud and grand theft based on evidence of over-billing, double billing and fraud (OPPAGA, 2001, p. 44).

#### Pilot IV, District 8: Sarasota County

This program, operated by the Sarasota County Coalition for Families and Children, was implemented between January 1997 and June 1999 at a cost of \$9,532,917. This is the only original pilot project still in operation.

The Sarasota County Coalition for Families and Children administers and coordinates the delivery of child welfare services for the entire Sarasota County population. The Youth and Family Services arm of the YMCA in Sarasota County provides administrative support to the coalition. The project serves all children in Sarasota County needing protective services, foster care and adoption services (OPPAGA, 2001, p. 44).

The success of this project probably was due to experienced and active community stakeholders and agencies. Sarasota is one of the wealthiest counties in Florida, with a community that contributes substantial amounts of time and money to the project. The per capita income in Sarasota County in 1999 was \$28,326 compared to \$18,641 in Escambia County and \$15,164 in Baker County.

The coalition spent 70 percent more on personnel than DCF in order to reduce caseloads. To do this, they used over \$507,318 in donations. The coalition has indicated that it will not be able to raise this amount of money on a regular basis. In addition, the coalition ran a deficit of \$134,001, spread over seven agencies, for the first year (Peacock, 1998, p. 49).

Sarasota County is demographically very different from the other pilot projects and from the rest of the state. In addition to a higher per capita income, Sarasota has fewer children. When questioned about these statistics in a review of the program, the state responded that Sarasota's success was not tied to the relative wealth of the community and could be duplicated throughout the state (OPPAGA, 2001, p. 77).

#### Pilot V, Palm Beach County: For-Profit Provider

The original legislation in 1996 directed DCF to include one pilot project operated by a for-profit provider. Palm Beach County was chosen, but there is no record of what happened to the for-profit program in any evaluation. The requirement for it was subsequently removed from the legislation.

### **All Pilots Had Problems**

According to OPPAGA, each pilot project had difficulties. Florida spent \$27.5 million on four projects from 1997 to 2000. Two were not successful and had their contracts terminated. One dropped out. The for-profit pilot never materialized. The pilots represented only 1.9 percent of the state's caseload. Only one pilot, Sarasota County, which differs markedly from the rest of the state in its demographics, remains in operation (OPPAGA, 2001, pp. 41-49).

### **Privatization Goes Statewide**

#### **Community Based Care**

In 1998, despite the fact that four out of the five original pilot projects were failing, the Florida Legislature mandated that foster care and all related services (including adoptive services, independent living, emergency shelter, residential group care, foster care, therapeutic foster care, intensive residential treatment, case management, post placement supervision, permanent foster care and family reunification, shelter care and family preservation) be privatized throughout the state between January 2000 and December 2002. This privatization is called "community based care" (CBC). Initial investigations of abuse remain in public

agencies or sheriff offices. Sheriff offices can contract out initial investigations of neglect but not abuse.

The legislation required that DCF contract with a community-based provider in each area -- a “lead agency” -- to administer services. The lead agencies subcontracted for services with community providers. DCF was required to transfer all available funds associated with the contracted services to the respective lead agencies. The legislation also added additional counties (Pinellas, Pasco and Manatee) in the pilot programs to replace the original pilots that failed.

The legislation required lead agencies to coordinate and manage all child protective services in the designated community, and to ensure continuity of care. They must also provide or contract for all services needed and are accountable for meeting all state and federal outcome standards. They must be willing to serve all children referred, regardless of the level of funding allocated by the state [Florida Statutes 409.1671(1) (c)].

### **Risk-Sharing**

The contracts between lead agencies and the state of Florida are risk-sharing agreements. This means that the state transfers all resources associated with the child welfare function in return for the agency assuming responsibility for serving all children within the area who need care.

In most privatization arrangements across the country, private agencies have been financed through capitation or case rate payments that reflect the actual number of people the agency serves or is likely to serve. To the extent they “succeed,” it is often because they do not have to assume the risk for factors beyond their control, as government agencies do. Florida is the only state that gives a fixed amount of money to the lead agency and holds it responsible for providing all services needed (Freundlich and Gerstenzang, 2003, p. 4).

The lead agency is responsible for caseload and cost increases, even though they do not control the factors that influence the number of children in foster care. In a sense, this puts them in a position similar to DCF.

Brian Peacock, in the 1998 Interim Evaluation of the pilots, describes this situation:

The Department’s burden is characterized by a limited amount of money to serve a population that can grow, and has grown, without limit. In effect, the Department is constantly at risk of having to serve children and families for whom no new resource allocations are made. This burden operationalizes within the Department’s system of care in the form of high caseloads, workers spread too thin, and too few resources to provide needed services. Another characteristic of the Department’s burden is that it cannot remove children/families from its caseloads who prove too challenging to work with. Traditionally, the private sector’s relationship with the Department has included the potential for sending children/families back to the Department due to the threat that problem cases posed to the well-being of the private programs.

At the heart of the privatization demonstration effort is how the private sector will address being given a finite amount of dollars to serve all children and families in need of help, without the option of discontinuing involvement when cases become too challenging. Therefore, the extent to which the individual privatization projects operate with the same levels of risk and uncertainty that the Department does is critical to being able to answer how viable an alternative the private sector is to the Department (Peacock, 1998, p. iii).

Peacock relates the process used to select a lead agency in Region 5 as an illustration of the risk agencies must accept. Devereux, an agency with services in several states throughout the country, was recommended to DCF as a lead agency. Once informed that it would be exposed to virtually unlimited risk, Devereux indicated that its board of directors had no interest in becoming a lead agency.

The failure of four out of the five pilot projects appears to confirm that the private providers, by their very nature and structure, cannot assume this risk.

In even the best of circumstances governments do not meet all the needs of all citizens. Choices must be made and governments make them all the time. There are income and asset level cutoffs for various types of economic assistance. Some programs, such as subsidized housing, are limited by the supply of units the government makes available. There are a limited number of slots in job training programs and at public universities. In a democratic society, elected officials, directly accountable to the public, make these choices through the legislative process. In the case of CBC, Florida is asking private agencies, accountable to their board of directors rather than to the general public, to make these tough choices based on their growing caseloads yet limited resources. Cut backs will have to be made but there will be no immediate public scrutiny of these decisions.

### **Does Privatization Work?**

After many years, millions of dollars and several studies, the simple question of how Florida's privatized child welfare programs work compared to the public child welfare system cannot be answered. The Legislature laid out specific objectives in authorizing this experiment – to strengthen the support and commitment of communities to the reunification of families and care of children and their families and to gain efficiencies and increase accountability. Whether any of these objectives have been met is an open question.

### **HomeSafenet**

HomeSafenet, the state's automated child welfare information system, is part of the problem when it comes to evaluating the outcome of Florida's privatization of child welfare services. In 1993, the federal government began providing funds for states to develop automated child welfare information systems, to ensure that states were capturing uniform data for federal monitoring of state performance. Ten years and \$230.2 million later, Florida's system is still not completely operational.

Florida received federal approval for its program in 1993-94. DCF contracted in 1994-95 for planning and designing the system. However, the contractor experienced delays and did not complete its work until one year later than planned.

In 1996-97, the state began developing a request for proposals (RFP) for implementing the new system. However, the RFP was delayed because of concerns from the federal government and the governor's office. The RFP eventually was issued but the state could not reach agreement with the vendors. As a result, DCF decided to implement the system in-house during 1999-2000 (OPPAGA, 2002, pp. 30-32).

In November 2000, DCF began implementing HomeSafenet Release 1, which contains basic case management, demographic and child placement information, in one district. All districts were supposed to be phased into the system by October 2001. DCF began phasing out the use of its previous system in 2000-2001, before the new system was operational. DCF did not anticipate having complete data in HomeSafenet for certain performance measures until 2002. As a result, DCF cannot provide complete information on the status of children in care during fiscal year 2000-01. For example, DCF does not have data for this period on the number of children who were re-abused or the number of children who were returned to foster care. Program officials previously reported to OPPAGA that complete performance data for Fiscal Year 2001-02 would be available by August 2002 (OPPAGA, 2002, p. 32). However, this deadline was not met (OPPAGA January 2003, p. 9).

The second release of HomeSafenet was scheduled to begin in early 2002 and was intended to provide enhanced case management capabilities. A subsequent release, scheduled in August 2003, was supposed to include contract management, financial management, eligibility determinations, the Florida Abuse Hotline Information System and the adoption exchange. When these releases are complete, all performance information will be available from HomeSafenet.

In October of 2002, however, DCF put implementation of these releases on hold. Current estimates are that HomeSafenet will not be fully operational until 2005 (Freundlich and Gerstenzang, 2003, p. 77). According to a recent OPPAGA report (February 2004), HomeSafenet "will not be completed before all lead agencies have taken over the provision of child welfare services."

Thus, an accurate assessment of Florida's experiment with children is almost impossible. HomeSafenet does not yet function properly after years of delays and millions of dollars. Changes in reporting entities and reported data, whether districts, regions, counties, sub-counties or zones, make it difficult to compare data to interpret results.

Although governments must adopt better measures of performance when they become available, it is reasonable to continue using both old and new measures for a period of time. This allows a check on the new measure and comparisons over time. Florida did not.

## Evaluations

Beyond problems with HomeSafenet, the state also has not compared results before and after implementing CBC. The absence of this "baseline data" makes it very difficult to

determine if privatization has succeeded. In fact, it seems the first time that baseline data was gathered was in the University of South Florida Evaluation for 2002-03 (see page 10). It stated that data for start-up counties was included that year “in order to gather some baseline data for future comparisons” (Paulson, et al., 2003). This is six years after the program began!

Further, Florida has not required consistent data in the various studies and evaluations of the pilots. Each evaluation has used different criteria and comparison counties.

The state of Florida has commissioned numerous evaluations of this experiment over the years. These evaluations provide no evidence that the privatized programs work any better than the public system they replaced, despite all the public and private money that has been spent on them. There is also no evidence that they work any better than the publicly operated systems currently in place in many Florida counties.

### Interim Evaluation

The Interim Evaluation of the original pilot projects was released in March 1998. This evaluation compared CBC counties to other counties in their regions that were not in CBC. It stated that much more study was needed before CBC could be implemented on a broader scale, especially in rural areas that lacked sufficient services:

It is therefore necessary that there not be a haste to dismantle DCF’s child welfare function” (Peacock, 1998, Section 4, p. xix).

The report recommended that the pilots be given sufficient time to demonstrate their strengths and shortcomings before broad implementation of child welfare privatization.

The Interim Evaluation further stated:

After the Sarasota County Coalition, the Bridges Program should most completely answer the question of how the private sector manages the burden of assuming the role and function of the Department. The Bridges Program has to accept all children coming into care through the shelter system for the first time in Lake and Sumter Counties. The Bridges Program receives a fixed amount per child and that amount does not increase regardless of how long the child is in care; i.e., there is risk to the Bridges Program for the children it serves. Furthermore, in recent discussions between the Department and the Bridges Program about a budget deficit in District 13, the Bridges Program has acknowledged that it will not deny services to children who enter the program and for whom the case rate is not available because of the budget deficit. The program has clearly put itself in the shoes of the Department in taking this position. Lastly, the Bridges Program cannot send children back to the Department when a case becomes too challenging. Over time, the Bridges Program should provide a variety of useful answers regarding private sector capability to manage the role and function of the Department. This may be especially true as it relates to smaller, more rural districts (Peacock, 1998, Section 4, p. xvi).

The fact that the Bridges Program was discontinued would seem to answer the question of private sector capability to assume DCF's role and functions.

Although the Interim Evaluation indicated that staff and clients liked the private system better, the author notes that this may be because the private agencies are not responsible for protective services, which have traditionally been somewhat adversarial. In addition, non privatized sites have caseloads approximately 69 percent higher than privatized sites and, as a result, privatized sites seem to respond more quickly, which could also affect staff and client satisfaction. The report further states that a long demonstration period is needed to see if outcomes are actually related to privatization.

### Outcome Evaluation

The 1998-99 Outcome Evaluation of the original pilots, also prepared by Peacock, contains no comparisons on performance measures. In this report the author cautions DCF that measurable outcomes, tracked over a sufficient period, are necessary to determine if privatized child welfare services are a better model than public services.

He specifically states that DCF should ensure that current and future data systems support long-term outcome measurement. One of the report's conclusions:

There are simply too many issues regarding the accuracy of outcome data from Department data systems to be able to draw reliable conclusions about system performance on outcome measures that have been identified for the community-based child welfare systems (Peacock, 1999, p. 5).

### Florida Office of Program Policy Analysis and Government Accountability (OPPAGA) March 2001

OPPAGA conducts reviews of programs and identifies alternatives for improving services and reducing costs. In this report, OPPAGA concluded that each pilot project had difficulties. It was difficult to establish lead agencies, primarily due to the unwillingness of agencies to assume financial and legal risk. It noted that privatization will not be completed by 2003 as mandated by the legislature. The study drew no conclusions about the effectiveness of the programs.

It reported that DCF spent \$27.5 million on the four pilot projects from 1997 to 2000. Two of the four pilots were not successful and had their contracts terminated. One dropped out. One was never mentioned after the original legislation. Only one, Sarasota, which met only one of the outcome standards, transitioned to a lead agency.

The audits prepared by OPPAGA do not include comparisons with other, non-pilot counties.

### Markowitz Evaluation

A study by Teresa Markowitz in 1999-2000 examined implementation of the pilots and service delivery. It offered no evidence that the privatized system had better outcomes than the previous system because DCF was unable to provide outcome data by site (Markowitz, 2000, p. 15).

The Markowitz Evaluation of 2000 did not include comparisons with other non-privatized counties.

### University of South Florida Evaluation 2001-02

A study conducted by the University of South Florida in 2001-02 compared CBC counties to similar counties in which CBC had not been implemented, CBC programs to similar programs and to the rest of the state and also looked at expenditure and demographic data. It concluded there is "...insufficient evidence to conclude if the CBC model is more or less effective than the previous model" (Armstrong, et al., 2003, p. 4).

This study also cautions that the results in CBC counties may not be transferable. These counties were committed to the reforms, had an agency interested in becoming a lead agency, were of reasonable size and had a sufficient resource base.

### University of South Florida Evaluation 2002-03

This study, submitted to DCF in June 2003, only compares CBC counties with the rest of the state. It indicated that it was too soon to determine if CBC had failed or succeeded (Paulson, et al., 2003, p. 1). This is six years after the pilot project legislation was enacted, four years after the Legislature decided to implement the experiment statewide and almost two years after Governor Jeb Bush stated that "Florida is leading the nation in the quiet revolution of child welfare reform" (Governor Bush's address to DCIP summit in Orlando, Aug. 28, 2001).

The USF Evaluation concluded that CBC counties performed at least as well as non-CBC counties. However, using a weighted average of counties that started CBC prior to the beginning of the evaluation period and publicly administered counties, public agencies outperform the CBC. For example, 40 percent of the children in CBC left long-term foster care within 12 months, compared to 44 percent for the rest of the state. Using these same weighted averages, only 44 percent of children in CBC counties were reunited with their parents compared to 50.4 percent for the rest of the state.

The 2002-03 study used different comparisons than were used the year before and also used different populations and measures in different sections of the report. The "Outcome" section used all counties that had begun the start-up phase of CBC before the end of the evaluation period. The "Qualitative Analysis" chose two additional CBC operations. The "Financial" section used all counties that have begun CBC but prorated them for counties that had less than a full year's experience.

The qualitative analysis was intended to address whether the CBC model meets the needs of the system's users. Various users and providers were interviewed, each with a high stake in the success of CBC within their communities. No state or CBC employees were interviewed. Only two sites, Hillsborough County and District 1 (Santa Rosa and Escambia Counties) were surveyed. This analysis found that people liked the new system better than the old one. There were no comparisons to non-CBC counties (Paulson et al., 2003, pp. 32-43).

*University of Florida 2004 Legislative Report: Evaluation of Community-Based Care*

This study purports to examine the expenditures for CBC and non-CBC sites and whether the CBC was more effective than the state-run system. The report includes a series of tables comparing the CBC counties with the rest of the state based on six indicators including: the percentage of children entering out-of-home care and exiting within 12 months; percentage of children experiencing recurrence of maltreatment within 12 months after their first episode; children returned to parents after exiting out-of-home care; and children placed with relatives after exiting out-of-home care.

After making these comparisons, the report cautions that some of the CBC counties are not fully operational because they are still in the process of implementing CBC. The report cautions that "no definite conclusions can be made about the effectiveness of CBC counties regarding programmatic outcomes" and that the data sources are not complete because HomeSafenet data has missing, incomplete and inaccurate records. (Paulson, et al, p. 60)

The report concludes that Sarasota and Manatee counties "appear to have achieved favorable outcomes." However, an examination of the tables shows that the state-run system performed better than Sarasota County in two categories, and better than Manatee County in two other categories. Both counties performed better than the state-run system in just two categories. (Paulson, et al, pp. 54 – 59)

The same problems arise with the cost analysis data. The report states that CBC sites had a slightly lower average expenditure per child than the non-CBC sites and a slightly higher average expenditure per child day than non-CBC sites. But the report cautions that the transition from the CIS to HomeSafenet makes the data incomplete and unreliable and concludes by stating "...the differences in average expenditures per child reported here should be used for descriptive purposes only. It cannot be inferred from these findings that CBC sites has lower average expenditures per children than non-CBC sites because of the advent of CBC." (Paulson, et al, p. 69)

Nevertheless, the report recommends that the state stay the course and continue to implement CBC.

**Problems in Other States**

Like Florida, many states are changing the management, financing and delivery of child welfare services. In 2001, OPPAGA reported on problems other states had encountered when privatizing child welfare services.

## **Illinois**

Illinois uses performance contracts. These contracts link reimbursement rates, or payment schedules, to achieving specified performance indicators or client outcomes. The Illinois Department of Children and Family Services (DCFS) has encountered some difficulties. Most significantly, the contracting timeline does not allow DCFS to review results from current contracts until after new contracts are signed.

Another challenge is that the funding of performance contracting is dependent on the failure of some agencies. Non-performing agencies are required to give up part of their caseloads and their contract funds are subsequently reduced. This allows for the transfer of the cases and money to better performing agencies.

## **Kansas**

In 1996, the Kansas Department of Social and Rehabilitative Services (SRS) privatized the majority of its child welfare services utilizing a “lead agency” approach similar to Florida’s.

The original foster care contracts reimbursed providers with case rates at a capitated level for each family or child. The first-year case rates were expected to cover all the costs of providing services. From 1997 to December 1998, however, SRS had to increase its payments to providers by an additional \$45.2 million for cost overruns and increases in the case rate.

In fiscal year 1999, SRS spent \$111.9 million dollars on foster care services, a 50 percent increase over the \$74.7 million in fiscal year 1998. The number of clients in the program only increased 11 percent during the same time period. Staff turnover ranged from 29 to 54 percent, so many staff were very inexperienced. Providers also reported that funding shortages altered service provision. The providers were not able to pay subcontractors and foster homes (OPPAGA, 2001, pp. 55-57).

## **Difficulties Persist**

Despite a lack of evidence that CBC is working, Florida continues to charge ahead. The state continues to ignore concerns and makes changes only after major problems occur.

## **Problems in Volusia and Flagler Counties (District 12)**

The experience of Volusia and Flagler Counties in implementing CBC illustrates some of the problems that can occur.

In Volusia County, which implemented CBC in April 2002, the new system experienced many of the same problems encountered by the system it replaced. An unexpected caseload increase of about 200 children in June and July of 2002 strained both staff and budgets, and resulted in the lead agency projecting a deficit of at least \$500,000 dollars by the end of the year. The funding, the second lowest in the state, was to stay at the

same level for all five years of the contract. The parent of the lead agency had to step in and pay the salaries of new case managers hired to deal with the increased caseload (Wright, 2002).

In August 2003, the lead agency reported that it would be short at least \$700,000 for the 2003-04 fiscal year (Circelli, 2003). According to the *Tallahassee Democrat* “the agency managing foster care had staff turnover rates of more than 60 percent, had placed children in homes with expired licenses and was consistently late with records needed for court hearings” (Bridges, 2003). Recently state reviewers criticized the agency “for failing to make required monthly visits to foster children, high caseloads and accounting problems” (Krueger, January 2004).

Finally, in April a former lead agency administrator for Volusia and Flagler counties filed a whistleblower lawsuit against the lead agency, Community Based Care, for wrongful discharge. The suit alleges that the lead agency’s policies and practices put children in dangerous situations and the agency did not train its counselors to provide meaningful case management.

### **Problems in Pinellas and Pasco Counties (District 5)**

Pinellas and Pasco were two counties that replaced the original failed counties as pilot projects. Manatee was another. The 2002-03 USF Evaluation states that all four pilots (Sarasota, Manatee, Pinellas and Pasco) were successful in making the transition to a lead agency. However, the lead agency in Pinellas and Pasco, the Family Continuity Programs, has been criticized in state reviews.

In February 2004, Family Continuity Programs announced that it planned to lay off 30 caseworkers. The DCF recently put the agency on a provisional license, criticizing it for allowing too many foster homes to become overcrowded and for a lack of supervisory oversight (Krueger, February 2004).

### **Legislative Changes and Delays**

In 2001, the law was amended to address areas where a lead agency could not be found. In 2002, the timeframe for implementation was again lengthened and the composition of the pilot projects was changed. In 2003, the legislation was further amended to exempt from CBC counties that have 40 licensed group care beds and provide \$2 million annually to supplement foster care services. Language was also added to make sure certain localities were ready to implement CBC before the transfer took place. Finally, the 2004 deadline for full statewide conversion was eliminated.

### **Conclusion**

After eight years, millions of dollars and numerous studies, there is no evidence that privatized child welfare has made life any better for Florida’s most vulnerable citizens or for taxpayers. There is no evidence that the privatized services are better than what they replaced, and some data suggest that counties in which child welfare is still operated by public employees did better than those that have been privatized. A study conducted by the

University of South Florida in 2002 concluded there is “insufficient evidence to conclude whether the CBC model is more effective (or less effective) than the previous model.” Although there were cost variations between counties, none of the evaluations offered any evidence that CBC is any more cost effective than the public system.

Despite the legislative requirement for comprehensive measurement of the effectiveness of privatized services, Florida began this experiment without a system in place to monitor results. Today, the state still cannot accurately evaluate if privatization works better than the public system. It does not appear that they will have this capability any time in the near future.

Still, Florida continues its rush toward privatization.

Those who devote their work lives to child welfare services know the system is in desperate need of change. They see first hand the tragic results when the system is dysfunctional and underfunded. They fully agree with the goal, expressed by the Florida Legislature, to assure that children are safe and well nurtured, that families are strengthened and reunified, and the program is accountable to taxpayers.

They know this goal can only be met through better coordination among agencies, more attention to community needs, additional resources and better use of those resources. When New Jersey officials looked at their system after a nationally publicized case of neglect, the state realized it needed an additional 1,500 new staff to bring the workload to a manageable level to ensure the safety of the children of New Jersey. Transferring problems from a public agency to a private agency does not ensure these problems will be solved nor that children’s needs will be met. There are other ways to make improvements in a dysfunctional system than turning to privatization.

The problem of ensuring the health, safety and well being of children in the child welfare system is complex. There is no evidence to support that Florida’s rush toward privatization will improve its child welfare system.

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